

## **EXECUTIVE SUMMARY OF EMERGING ISSUES**

The State Planning Office (SPO) serves a unique role in state government as a source of objective, long-range, and well-researched analysis and information. SPO is a small office (with fewer than 60 staff and an annual \$2 million General Fund budget). Because of its size, it is nimble and able to respond to the changing needs of policymakers. The Governor and Legislature frequently ask SPO to undertake special projects. These range from economic modeling and analysis, to task force support, to developing policy alternatives, to implementing statewide or multi-agency initiatives. Frequently SPO does so by reassigning its own staff, by bringing together staff from other state agencies, and by tapping into federal or other sources of funding. As state budgets shrink and issues become more complex, SPO will continue to anticipate and maintain capacity to respond to the Governor and Legislature when needed.

This report lays out SPO's statutory duties and provides information for the Legislature to assess how well we carry them out. It is organized in two sections. The first provides an overview of the State Planning Office, including its strategic plan, an organizational chart, and a 10-year financial summary. The second section examines SPO's responsibilities in five areas:

- forecasting economic conditions;
- balancing conservation and development;
- providing planning assistance to towns and regions;
- strengthening community service; and
- assisting state government.

For each of these areas, SPO describes its responsibilities and the positions that contribute to them. SPO identifies performance measures, constituencies served, collaborative efforts with other organizations, and alternative systems to deliver services. SPO compares state and federal laws and regulations for each area. Finally, SPO identifies the major issues (both policy and programmatic issues) that are likely to command its time and attention over the next 1-3 years.

Following is a summary of administrative and programmatic issues SPO faces. Policy issues that may affect implementation of SPO's duties are addressed in later sections of this report.

- 1. Dependable Funding for Census Data Center:** Fees and subscriptions pay for 60% of the costs to operate Maine's Census Data Center, which SPO took over from the Maine Department of Labor in 1998. SPO anticipated that within two years, the center would be self-funding. However, in 2000, the Office had to cover some of the costs from its General Fund budget. While SPO continues to seek additional subscribers and market its census data services, it expects that revenue shortfalls will continue.
- 2. Dedicated Funds for Land and Water Resources Council:** The legislatively-created Land and Water Resources Council provides a forum to effectively tackle problems common to multiple state agencies and to reconcile potentially conflicting natural resources policies among them. The Council, which SPO staffs, has no budget of its own. The LWRC member agencies would like legislative authority to place a portion of their

unexpended, year-end funds, if any, into a dedicated account to support LWRC-sponsored work, primarily for contracted technical services.

3. **Less Dependence on Coastal Funds for Environmental Enforcement:** SPO administers \$2.3 million in federal coastal funds as the lead agency for the Maine Coastal Program. Maine spends more than one-third of these grant funds on administration and enforcement of state environmental laws along the coast. Using General Funds for some of this purpose would: 1) improve the State's ability to match federal dollars and 2) allow more federal coastal funds to flow to on-the-ground local and regional projects.
4. **Changing Role in Energy Policy:** Deregulated energy markets are increasingly becoming regionalized. A number of SPO's statutory energy responsibilities are no longer relevant in today's market and should be modified or eliminated. Traditional energy forecasting has given way to the need to be able to develop policy responses to changing and often volatile markets. SPO relies on federal and special revenue sources to fund its energy staff. Use of non-federal dollars for this purpose, and especially to provide a way to coordinate and present unified positions within a regional marketplace, would provide greater flexibility to respond to state priorities.
5. **Resources for Expanded Community Planning Efforts:** Growth and development continue to put pressure on state and local budgets. SPO's land use planning duties are designed to help communities encourage and accommodate growth in appropriate locations and to preserve community character, working rural lands, and open spaces. Demand for services continues to grow for local grants and technical assistance, for market strategies to stimulate sound neighborhood development, for coordination between transportation and land use planning, for mitigating conflicts between state environmental and land use policies, and for addressing land use on a regional scale. With greater resources for regional and local agencies, SPO could be more effective in accomplishing state land use planning goals.
6. **Fees for Training:** SPO charges no fees to municipal code enforcement officers (CEOs) for training. At the time the Legislature enacted CEO certification requirements as part of the 1988 Growth Management Act, they disapproved of charging workshop fees to towns. While state law requires CEOs to be certified within 12 months of hire and recertified every five years, some code officers seek additional training. SPO would like to be able to charge a modest fee to individuals participating in training that is not required for certification or recertification to cover the cost of conducting its workshops.
7. **Alternative Funding for Floodplain Management:** The Federal Emergency Management Agency (FEMA) funds three-quarters of SPO's floodplain management responsibilities. SPO funds the balance with General Fund dollars. While federal dollars have remained flat, the demand for floodplain management assistance continues to rise each year. SPO has worked to hold constant its operational costs for floodplain management, but salary and benefits for its fixed 2.6 staff are rising. Flat funding of federal FEMA dollars is tantamount to a budget cut. SPO faces cutting services and staff.

8. **Replace Fees Diverted from the Solid Waste Management Fund:** Special revenues from the Maine Solid Waste Management Fund finance SPO's waste management and recycling responsibilities. There has been legislative discussion about dedicating a portion of the fund to tire pile management and remediation. This change would reduce the funds available for the programs and staff at SPO. If funds are dedicated to tire pile management and remediation, replacement of lost dollars in the Solid Waste Management Fund will be necessary for SPO to carry out its statutory responsibilities.
9. **Insufficient Federal Support for Grants Management:** The Maine Commission for Community Service housed at SPO administers \$1.7 million in federal grants for local nonprofit and volunteer service organizations. Maine's capacity to effectively monitor performance of its grantees and to ensure full compliance with federal regulations is overextended. As a result, it may be ineligible to pursue additional federal community service resources. In addition, SPO is close to being unable to provide the state match required for its federal community service dollars.
10. **Maintain Capacity for Legislative Projects:** SPO anticipates that it will fulfill 15-20 requests per year for special studies and projects from the Governor and Legislature. While some of these projects are related to our core duties, some are not. Through its participation in the legislative process, SPO will try to alert the Legislature to the costs of a proposed study or project. This information could help the Legislature in deciding whether, how much, and what kind of support to provide and ensure SPO has capacity to respond when needed.